



STATE OF WASHINGTON
DEPARTMENT OF REVENUE
OFFICE OF THE DIRECTOR

P.O. Box 47454 • Olympia, Washington 98504-7454 • (360) 534-1600 • FAX (360) 534-1606

December 18, 2019

TO: The Honorable Christine Rolfes, Chair
 The Honorable John Braun
 Ways & Means Committee
 Washington State Senate

 The Honorable Dean Takko, Chair
 The Honorable Shelly Short
 Local Government Committee
 Washington State Senate

 The Honorable Mark Mullet, Chair
 The Honorable Lynda Wilson
 Financial Institutions, Economic
 Development & Trade Committee
 Washington State Senate

FROM: Vikki Smith, Director 
 Washington State Department of Revenue

 The Honorable Gael Tarleton, Chair
 The Honorable Ed Orcutt
 Finance Committee
 Washington State House of
 Representatives

 The Honorable Gerry Pollet
 The Honorable Vicki Kraft
 Local Government Committee
 Washington State House of
 Representatives

 Keith Phillips, Policy Director
 Office of the Governor

SUBJECT: FY 2020 – 2021 Local Business Licensing Partnership Plan

The Department of Revenue is submitting this report to the Legislature as required by RCW 35.90.020(4).

Chapter 35.90 RCW requires Washington cities and towns with general business licenses to join a combined licensing system, either FileLocal or the Department's Business Licensing Service. RCW 35.90.020(4) requires the Department to submit a two-year onboarding plan to the Governor, specified legislative committees, and other specified stakeholders beginning January 1, 2018, and by January 1st of each subsequent even-numbered year.

If you have any questions or need the report in an alternate format, please contact David Duvall, Legislative and External Affairs Liaison, Executive Division, at (360) 534-1545 or DavidD@dor.wa.gov.

cc: Brad Hendrickson, Secretary, Washington State Senate
Bernard Dean, Chief Clerk, Washington State House of Representatives
Members, Senate Ways & Means Committee
Members, House Finance Committee
Members, Senate Local Government Committee
Members, House Local Government Committee
Members, Senate Financial Institutions, Economic Development & Trade Committee
David Schumacher, Director, Office of Financial Management
Drew Shirk, Executive Director, Legislative Affairs, Office of the Governor
Roselyn Marcus, Assistant Director, Office of Financial Management
Ramona Nabors, Budget Assistant, Office of Financial Management
Rachel Knutson, Budget Assistant, Office of Financial Management

Local Business Licensing Partnership Plan FY 2020 - 2021

January 1, 2020

SUMMARY

The Department of Revenue prepared this Fiscal Year 2020-2021 Local Business Licensing Partnership Plan (plan) in compliance with RCW [35.90.020](#)(4).

In 2017, the Legislature enacted [Engrossed House Bill \(EHB\) 2005](#) to simplify the administration of local business licensing. Most of this bill is codified at [chapter 35.90 RCW](#). Under [RCW 35.90.020](#):

- Washington cities and towns that have general business licenses are required to join a combined licensing system, either FileLocal or the department's Business Licensing Service (BLS).
- The department's BLS program must partner with all cities and towns requiring a general business license between July 1, 2017, and December 31, 2022, other than those cities and towns participating in FileLocal as of July 1, 2020.
- The department must submit a two-year onboarding plan to the Governor, Legislature, and other specified stakeholders by the first day of each even numbered year, beginning January 1, 2018.
- The department must submit an annual progress report to the Legislature, beginning January 1, 2019, through January 1, 2028.

There are 281 incorporated cities and towns in Washington State. Of those, 230 issue local business licenses. By the end of Fiscal Year 2019, BLS provided local licensing services for 98 cities and towns, reducing the license renewal workload for these jurisdictions and saving businesses time with a one-stop solution. Eight cities currently participate with the FileLocal portal for local business and occupation tax collection and business licensing. Throughout the remainder of this report, cities and towns are collectively referred to as "cities."

This plan identifies 76 cities that committed to join the BLS partnership in Fiscal Years 2020 and 2021, as well as the proposed quarterly implementation dates. Should any city in the 2020-2021 plan be unable to complete work on schedule, BLS may choose to expedite another city's partnership with the department to maintain progress toward the December 31, 2022 deadline.

FISCAL YEAR 2020-2021 CITY PARTNER PLAN

BLS engaged all cities identified in this two-year plan by webinar, phone, and email. Every city agreed in writing to the partnership schedule. The plan accommodates the volume and complexity of city licenses while continuing to meet the conditions of [EHB 2005](#). Where practical, BLS coordinated the schedule to fit with city leadership requests. Implementation or "go-live" dates within the designated quarter and year will be set about three months in advance.

Fiscal Year 2020 (39 cities total)

Quarter 1 (July-Sept., 19)	Quarter 2 (Oct.-Dec., 19)	Quarter 3 (Jan.-March, 20)	Quarter 4 (April-June, 20)
<ul style="list-style-type: none"> ✓ Airway Heights ✓ Springdale ✓ Cheney ✓ Grandview ✓ Tenino ✓ Medical Lake ✓ Toppenish ✓ Granger ✓ Oakville 	<ul style="list-style-type: none"> ✓ Lynnwood ✓ Woodway ✓ Mountlake Terrace ✓ Federal Way ✓ Othello ✓ Camas ✓ Mercer Island ✓ Wenatchee 	<ul style="list-style-type: none"> • Everson • Roy • Steilacoom • La Center • Clarkston • Ritzville • Cle Elum • Soap Lake • Republic • Brewster 	<ul style="list-style-type: none"> • Yakima • Kalama • South Bend • Mill Creek • Raymond • Concrete • Union Gap • George • Waterville • Burien • Yacolt • Ferndale

✓ Onboarding complete by January 1, 2020

Fiscal Year 2021 (37 cities total)

Quarter 1 (July-Sept., 20)	Quarter 2 (Oct.-Dec., 20)	Quarter 3 (Jan.-March, 21)	Quarter 4 (April-June, 21)
<ul style="list-style-type: none"> • Entiat • Omak • Chelan • Grand Coulee • Lyman • Hamilton • Lynden • Coulee Dam 	<ul style="list-style-type: none"> • South Cle Elum • Tieton • Brier • Colville • Stevenson • White Salmon • Naches • Harrah 	<ul style="list-style-type: none"> • Zillah • Mabton • Goldendale • Mattawa • Bingen • Redmond • Hoquiam • Elma • Rainer • Ocean Shores • Wilkeson 	<ul style="list-style-type: none"> • Westport • Aberdeen • Montesano • Cosmopolis • Waitsburg • Cathlamet • Winlock • Toledo • Pe Ell • Vader

If the department needs to alter the plan, we will provide affected cities at least 30 days' notice as required by law. This plan assumes the Legislature continues to maintain increased funding for BLS to provide the department with the necessary resources to continue onboarding all cities at an accelerated rate before the statutory deadline of December 31, 2022.

NEXT STEPS

Annual Progress Report (2020 - 2021)

By January 1, 2021, we will submit a progress report to the Legislature as required by [RCW 35.90.020](#)(8). The report will include a summary of accomplishments, a description of efforts made to engage cities not already part of the onboarding plan, and a list of cities scheduled to partner in Calendar Year 2021. It will also include a list of cities declining to pursue BLS partnership, descriptions of process improvements made, and recommendations to further simplify the process for issuing and renewing local business licenses in Washington State.

Partnering Plan

By January 1, 2022, we will submit an updated partnering plan to the Legislature as required by [RCW 35.90.020](#)(4). The two-year plan will include a list of cities that have agreed in writing to partner with BLS for the issuance and renewal of their general business licenses.